

The background of the entire image shows a group of people in business attire sitting around a table. Their hands are visible, pointing at various financial documents and charts, including pie charts and bar graphs. The scene is brightly lit, suggesting a professional meeting environment.

FINANCIAL STATEMENTS 2025



CONTENTS

Institute information	1
Report of the Council	3
Statement of the Council's responsibilities	5
Report of the Independent auditor	6
Financial statements:	
Income statement	9
Statement of other comprehensive income	11
Statement of financial position	12
Statement of changes in fund balances	13
Statement of cash flows	14
Notes	15-46

Institute Information
For the year ended 31 December 2025

Members of the Council

Chairman	CPA Prof. Elizabeth Kalunda CPA Philip Kakai	Elected in June 2025 Retired in June 2025
Vice – Chairman	FCPA Bernard Amuka CPA Prof. Elizabeth Kalunda	Elected in June 2025 Retired in June 2025
Members	FCPA Georgina Malombe FCPA Hesbon Omollo FCPA Risper Olick CPA Olive Gitau CPA Wycliff Bichanga CPA Chrispus Mbogo CPA Jona Wala CPA Jane Wacuka, OGW FCPA Prof. Nicholas Letting CPA Matthew Mukisu	Re-elected in June 2024 Re-elected in June 2024 Retired in June 2025 Elected in September 2023 Elected in June 2024 Elected in June 2025 Representing National Treasury (Retired in 19th December 2025) Representing National Treasury (Appointed 20th December 2025) Representing Kasneb (Appointed in May 2019) Representing Capital Markets Authority (Appointed in July 2022)
Chief Executive Officer and Secretary to the Council	CPA Dr. Grace Kamau	Appointed 6th January 2023
Council committees		
<u>Committee</u>	<u>Convenor</u>	
Audit, Risk and Compliance	FCPA Hesbon Omollo FCPA Jona Wala	Appointed in September 2025 Retired in June 2025
Disiplinary	CPA Peter Anchinga	Appointed in February 2023
Finance and Strategy	CPA Matthew Mukisu FCPA Prof. Nicholas Letting	Appointed in September 2025 Retired in June 2025
Member Services	FCPA Geogina Malombe CPA Olive Gitau	Appointed in September 2025 Retired in June 2025
Practitioners Development	CPA Wycliff Bichanga FCPA Geogina Malombe	Appointed in September 2025 Retired in June 2025
Professional Standards	FCPA Michael Mugasa	Appointed in June 2021
Public Policy and Governance	CPA Prof. Elizabeth Kalunda FCPA Philip Kakai	Appointed in September 2025 Retired in June 2025
Registration & Quality Assurance	FCPA John Mudany	Appointed in November 2024
Research and Development	FCPA Prof. Nicholas Letting CPA Prof. Elizabeth Kalunda	Appointed in September 2025 Retired in June 2025
Public Finance and Taxation	FCPA Robert W. Kariuki	Appointed in June 2021
Digital transformation & Artificial Intelligence	FCPA Bernard Amuka	Appointed in September 2025
College of Fellows	FCPA Hesbon Omollo FCPA Patrick Mtange	Appointed in September 2025 Retired in June 2025

Institute Information For the year ended 31 December 2025

KCA University Representatives Board of Trustees

Chairman	FCPA George Mokuu	Appointed in August 2024
Secretary	CPA Dr. Grace Kamau	Appointed 6th January 2023
Members	CPA Prof. Elizabeth Kalunda	Appointed in June 2025
	FCPA Philip Kakai	Retired in June 2025
	CPA Dr. Mary Bosire	Retired in May 2025
	CPA Dr. Andrew Mullei	Retired December 2025
	CS Happi Kilongosi	Retired December 2025
	CPA Dr. Joseph Koskey	Retired December 2025
	CPA Dr. Arnety Nangila	Appointed in November 2024
	FCPA William Ogolla	Appointed in November 2024
	Mr. Francis Theuri	Appointed in November 2024
	CPA Dr. Salome Musau	Appointed in July 2025

Committee

Strategy & Resource committee	CPA Dr. Asenath Maobe	Appointed in January 2023
Audit, Risk and Governance	FCPA Rose Mwaura	Appointed July 2021

Registered office and principal place of business

CPA Centre, Ruaraka, Thika Road
P.O. Box 59963 - 00200, Nairobi
Telephone: +254 (020) 2304226, 2304227
Mobile: +254727 531006/733 856262/
721 469796/721 469169
E-mail: icpak@icpak.com
Website: www.icpak.com

Independent auditor

Baker Tilly
Certified Public Accountants of Kenya
1st Floor, New Rehema House
Raphta Road, Westlands
P.O. Box 67486 - 00200, Nairobi, Kenya
Telephone: (+254) 738 600 209/(+254) 20 2592 780
Email: reception2@bakertilly.ke
Website: www.bakertilly.ke

Principal bankers

Standard Chartered Bank Kenya Limited,
Ruaraka Branch, P.O. Box 32886 - 00600,
Nairobi, Kenya.
Telephone: + 254 (020) 3293393/4
Email: straight2bank.ke@sc.com
Website: www.sc.com/ke/

ABSA Bank Kenya PLC
Queensway House Branch
P.O. Box 30116- 00100, Nairobi, Kenya
Telephone: +254 723 130 120/722 130 120
Email: absa.kenya@absa.africa
Website: www.absabank.co.ke

Legal Advisors

Ogembo and Associates
1st Floor, Westpark Towers Mpesi Lane, off
Muthithi Road P.O. Box 29820 - 0100, Nairobi

Report of the Council For the year ended 31 December 2025

The Management submits its report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of the Institute.

1. Incorporation

The Institute of Certified Public Accountants of Kenya (ICPAK) is a body corporate established in 1978 under the provisions of the Accountants Act, Chapter 531 of the Laws of Kenya (re-enacted as the Accountants Act No. 15 of 2008), with the mandate to develop and regulate the Accountancy Profession in Kenya. The Institute is also a member of Pan Africa Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession. ICPAK is domiciled in Kenya and its address of the registered office is set out on page 2.

2. Principal activities

The principal activities of the Institute are to promote standards of professional competence and practice amongst members of the Institute; to promote research into the subject of Accountancy and Finance and related matters, and the publication of books, periodicals, journals and articles in connection therewith; to promote international recognition of the Institute and the CPA (K) brand; advise Kasneb on matters relating to examinations standard and policies; prescription of remuneration order for profession and to advise the Cabinet Secretary responsible for finance on matters relating to financial accountability in all sectors of the economy.

3. Membership

	2025	2024
	No.	No.
Active members		
Practising	1,586	1,533
Non practising	22,095	21,344
Overseas	289	292
Retired	1,074	1,110
Associates	2,128	2,149
Active members at end of year	27,172	26,428
Active members at the beginning of the year	26,428	25,463
New members in the year	2,032	1,471
Deceased and change of status	(205)	(185)
	28,255	26,749
Members in default	(1,565)	(1,505)
Recovered	482	1,184
Active members at end of year	27,172	26,428
Full members	25,044	24,279
Associate members	2,128	2,149
Active members at end of year	27,172	26,428

Active members are those that have fully paid their subscriptions and those with less than two years of outstanding subscriptions as at year-end.

Report of the Council (*continued*) For the year ended 31 December 2025

4. Results for the year

Net surplus for the year

2025 Kshs '000'	2024 Kshs '000'
136,137	95,079

5. Members of the Council

The members of the Council who held office during the year and to the date of this report are set out on page 1.

6. Statement as of disclosure to the Institute's auditor

With respect to each member of the Council at the time this report was approved:

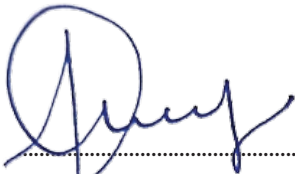
- there is, so far as each Council member is aware, no relevant audit information of which the Institute's auditor is unaware; and
- the member of the Council has taken all the steps that the member of the Council ought to have taken as a member of the Council so as to be aware of any relevant audit information and to establish that the Institute's auditor is aware of that information.

7. Terms of appointment of the auditor

The Council approved the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to the income statement for the year.

During the year, Baker Tilly was appointed as the auditor of the Institute. The auditors have indicated their willingness to accept and continue in office in accordance with the relevant statutory and regulatory requirements.

By order of the Council



CPA Dr. Grace Kamau

CEO and Secretary to the Council

11th May 2026

Statement of Council's responsibilities on the Financial Statements For year ended 31 December 2025

The Accountants Act No. 15 of 2008 requires the Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its operating results for the year. It also requires the Council to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The Council accepts responsibility for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards. They also accept responsibility for:

- i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting suitable accounting policies and applying them consistently; and
- iii. making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Institute's ability to continue as a going concern, the Council is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Institute's ability to continue as a going concern.

The Council acknowledges that the independent audit of the financial statements does not relieve them of their responsibilities.

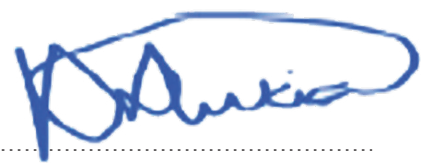
Approved by the Council on **11th May 2026** and signed on their behalf by:



CPA Prof. Elizabeth Kalunda
Chairman



CPA Dr. Grace Kamau
**CEO and Secretary to
the Council**



CPA Matthew Mukisu
**Convenor, Finance and Strategy
Committee**



Kenya Office
1st Floor, New Rehema House,
Rhapta Road, Westlands
P.O. Box: 67486 – 00200
Nairobi

DL: (+254) 738 600 209
WL: (+254) 20 2592 780

reception2@bakertilly.ke

www.bakertilly.ke

***Report of the independent auditor
to the members of the Institute of Certified Public Accountants of Kenya,
For the year ended 31 December 2025***

Opinion

We have audited the financial statements of Institute of certified Public Accountants of Kenya (ICPAK), (the Institute), set out on pages 10 to 45, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of financial position of the Institute as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards *Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Council are responsible for the other information. Other information comprises the information in the reports accompanying the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Report of the independent auditor (continued)
to the members of the Institute of Certified Public Accountants of Kenya,
For the year ended 31 December 2025*

Councils' responsibility for the financial statements

The Council are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report of the independent auditor (continued)
to the members of the Institute of Certified Public Accountants of Kenya,
For the year ended 31 December 2025

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Rishi Bhandari. P/No. 2216.



Baker Tilly
Certified Public Accountants
P.O. Box 67486 - 00200, Nairobi

Date: 29 May 2026



UNIQUE CODE: 50164280529

INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2025

	Note	2025 Kshs'000'	2024 Kshs'000'
Income			
Subscriptions	4 a)	329,776	329,421
Members' services	5 a)	1,107,443	917,568
Rental Income	6 a)	63,994	57,252
Total income		1,501,213	1,304,241
Expenditure			
Subscriptions	4 b)	(144,615)	(123,454)
Members' services	5 b)	(898,502)	(751,245)
Rental expenses	6 b)	(16,057)	(18,213)
Operating expenses	7	(306,495)	(290,732)
Impairment loss	8	(6,232)	(68,116)
Operating surplus		129,312	52,481
Other income	10	15,502	12,557
Fair value gain on investment property	14	10,000	50,864
Operating surplus before interest and tax		154,814	115,902
Finance cost	11	(2,796)	(1,482)
Surplus before tax		152,018	114,420
Tax expense	12	(15,881)	(19,341)
Net surplus for the year		136,137	95,079

INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2025

	Note	2025 Kshs'000'	2024 Kshs'000'
Operating income			
Subscriptions	4 (a)	329,776	329,421
Members' services	5 (a)	1,107,443	917,568
Rental Income	6 (a)	63,994	57,252
Other operating income	10	5,634	5,497
Total operating income		1,506,847	1,309,738
Total operating expenses			
Subscriptions	4 (b)	(144,615)	(123,454)
Members' services	5 (b)	(898,502)	(751,245)
Rental expenses	6 (b)	(16,057)	(18,213)
Operating expenses	7	(306,495)	(290,732)
Impairment losses	8	(6,232)	(68,116)
Operating profit		134,946	57,978
Investing Activities			
Interest income	10	10,207	7,061
Gain/(Loss) on disposal of PPE	10	(339)	(1)
Fair value gain on investment property	14	10,000	50,864
Profit before Financing and Tax		154,814	115,902
Financing Activities			
Finance costs	11	(2,796)	(1,482)
Profit before tax		152,018	114,420
Tax expense	12	(15,881)	(19,341)
Profit for the Year		136,137	95,079

*The income statements was prepared in accordance with IFRS 18.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

		2025 Kshs'000'	2024 Kshs'000'
Net surplus for the year		136,137	95,079
Revaluation gain/(loss) on ICPAK office space	24	8,224	(768)
Deferred tax on revaluation gain	25	(1,119)	-
Total comprehensive income for the year		143,242	94,311

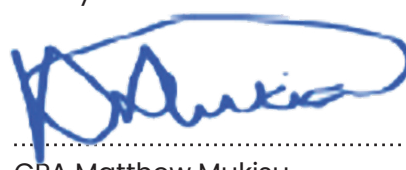
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	2025 Kshs'000'	2024 Kshs'000'
ASSETS			
Non-current assets			
Property and equipment	13	349,361	373,215
Investment property	14	1,325,000	1,244,000
Right-of-use assets	16	13,145	9,537
VAT receivable	17	70,687	80,687
Investment in CPA Centre Limited	18	50	50
		1,758,243	1,707,489
Current assets			
Inventories	19	27,714	57,594
Trade and other receivables	20	232,052	162,766
Term deposits	21	276,374	169,837
Cash and bank balances	22	278,980	264,836
		815,120	655,033
		2,573,363	2,362,522
FUNDS AND LIABILITIES			
Funds and reserves			
General fund		1,681,720	1,543,862
Designated fund	23	17,669	14,341
Revaluation reserve	24	66,004	60,621
		1,765,393	1,618,824
Non-current liabilities			
Deferred tax liability	25	78,889	61,889
Lease liabilities	26	11,307	8,360
Due to CPA Centre Limited	31	50	50
		90,246	70,299
Current liabilities			
Lease liabilities	26	4,282	2,822
Trade and other payables	27	376,567	398,833
Benevolent fund	28	166,136	153,229
Subscriptions received in advance	29	121,747	84,710
Corporate debtors advance receipts	30	48,992	33,805
		717,724	673,399
		2,573,363	2,362,522

The financial statements on pages 9 to 46 were approved and authorised for issue by the Council on **11th May 2026** and were signed on its behalf by:



CPA Prof. Elizabeth Kalunda
Chairman



CPA Matthew Mukisu
**Convener, Finance and
Strategy Committee**

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31 DECEMBER 2025

Year ended 31 December 2025	Note	General fund Kshs'000'	Revaluation reserve Kshs'000'	Designated fund Kshs'000'	Total Kshs'000'
At 1 January 2025		1,543,862	60,621	14,341	1,618,824
Total surplus for the year		136,137			136,137
Revaluation gain net of tax	13		7,104	-	7,104
Excess depreciation	24	1,721	(1,721)	-	-
Net surplus from corporate social responsibility	23	-	-	3,328	3,328
At 31 December 2025		1,681,720	66,004	17,669	1,765,393
Year ended 31 December 2024					
At 1 January 2024		1,447,229	62,943	13,045	1,523,217
Total surplus for the year		95,079	-	-	95,079
Revaluation gain net of tax	13	-	(768)	-	(768)
Excess depreciation	24	1,554	(1,554)	-	-
Net surplus from corporate social responsibility	23	-	-	1,296	1,296
At 31 December 2024		1,543,862	60,621	14,341	1,618,824

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 Kshs'000'	2024 Kshs'000'
Cash flows from operating activities			
Operating surplus before interest and tax		154,814	115,902
Adjustments for:			
Impairment losses		6,232	68,116
Depreciation of property and equipment	13	27,505	22,903
Depreciation of right-of-use assets	16	4,734	3,412
Fair value adjustment of investment property	14	(10,000)	(50,864)
loss on disposal of property and equipment	10	339	1
Surplus before working capital changes		183,624	159,470
Increase in inventories	19	29,880	(12,188)
(Increase)/decrease in trade and other receivables	20	(65,518)	(74,234)
Increase in term deposits	21	(106,537)	(34,857)
(Decrease)/increase in trade and other payables	27	(22,265)	(10,225)
Increase in benevolent funds	28	12,907	(3,752)
Increase in subscriptions received in advance	29	37,037	28,693
Increase in Corporate debtors advance receipts	30	15,186	33,805
Cash generated from operating activities		84,314	86,712
Net cash generated from operating activities		84,314	86,712
Cash flows from investing activities			
Purchase of property and equipment	13	(66,861)	(9,510)
Addition to investment property	14	-	(1,078)
Proceeds on disposal of assets	13	95	15
Net cash used in investing activities		(66,766)	(10,573)
Cash flows from financing activities			
Net cash received from Corporate Social Responsibility activities	23(b)	3,328	1,296
Payment of principal portion of the lease liability	26	(3,936)	(3,453)
Interest on lease liability	26	(2,796)	(1,482)
Net cash used in financing activities		(3,404)	(3,639)
Net Increase in cash and cash equivalents		14,144	72,500
Cash and cash equivalents at start of year		264,836	192,336
Cash and cash equivalents at end of year	22	278,980	264,836

Notes

1. Material accounting policy information

The material accounting policies adopted in the preparation of these general-purpose financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with IFRS Accounting Standards issued by the International Accounting Standards Board. They are presented in Kenyan Shillings, which is also the functional currency, rounded to the nearest thousand (Kshs'000').

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Institute uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Institute using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Institute at the end of the reporting period during which the change occurred.

Notes (continued)

1. Material accounting policy information (continued)

b) New and revised financial reporting standards

i) New standards, amendments and interpretations adopted by the Institute

The following amendments to standards became effective for the first time in the financial year beginning 1 January 2025 and have been adopted by the Institute. None of the Amendments has had an impact on the Institute's financial statements.

IAS 21 – Lack of Exchangeability (issued in August 2023)

The amendments introduce guidance on assessing when a currency is exchangeable into another currency and specify the circumstances in which exchangeability is considered to be lacking. Where a currency is not exchangeable, the amendments require an entity to estimate the spot exchange rate that would have been observed if exchangeability had been available at the measurement date. The Institute assessed the amendments and concluded that they did not have a material impact on its financial statements.

ii) New and revised standards that have been issued but are not effective

The Institute has not applied any of the new or revised financial reporting standards and Interpretations that have been published but are not yet effective for the year beginning 1 January 2024, and the Council do not plan to apply any of them until they become effective. The list below indicates new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Institute's financial statements in the period of initial application.

Annual Improvements to IFRS Accounting Standards – Volume 11

During the year, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, which comprise a collection of narrow-scope amendments intended to clarify wording or correct relatively minor unintended consequences in existing standards. The amendments affect several standards and related guidance, including IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, the guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The Institute does not expect the application of these amendments to have a material impact on its financial statements.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The IASB issued Translation to a Hyperinflationary Presentation Currency, which amends IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. ICPAK does not expect the application of these amendments to have a material impact on its financial statements.

IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024)

The new standard, applicable to annual periods beginning on or after 1st January 2027, specifies the disclosure requirements a subsidiary without public accountability is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

Notes (continued)

1. Material accounting policy information (continued)

b) New and revised financial reporting standards (Continued)

i) New and revised standards that have been issued but are not effective (Continued)

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The IASB issued Contracts Referencing Nature-dependent Electricity, which amend IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments clarify the application of hedge accounting requirements and related disclosures for contracts whose cash flows vary based on the availability of nature-dependent electricity, such as wind or solar power. The amendments are effective for annual reporting periods beginning on or after 1 January 2026 and are required to be applied retrospectively, with early application permitted. The Institute does not expect the application of these amendments to have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Early Adoption)

ICPAK early adopted IFRS 18 Presentation and Disclosure in Financial Statements for the financial year ended 31 December 2025. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation of the statement of profit or loss, including defined subtotals such as operating profit, as well as enhanced disclosure requirements relating to management-defined performance measures. As a consequence of adopting IFRS 18, certain standards are affected and applied by the Institute, including IAS 1, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 33 Earnings per Share, and IAS 34 Interim Financial Reporting. The impact of applying IFRS 18 on ICPAK's financial statements is primarily in relation to presentation and disclosure, and the details of this impact are presented in Note 36.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Institute operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

d) Revenue recognition

The recognition of revenue from contracts with customers is based on the performance obligations identified in the contracts. Revenue is recognized when (or as) the Institute satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer who obtains the control of the asset.

- i. Annual subscription fees and firm licence fees are recognized on a straight-line basis over the subscription period as members receive and consume the benefits of goods or services provided by the Institute.
- ii. First registration fees are recognized as income on completion of application services by granting the member's status to the applicants.
- iii. Income from seminars and workshops, member and associate activities is recognized as the services are rendered.

Notes (continued)

1. Material accounting policy information (continued)

- iv. Rental income from investment property is recognised on a straight-line basis over the period of the lease.
- v. Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.
- vi. Audit software licence income is recognised as the services are rendered.

e) Income tax

The Institute's membership and subscription income are exempt from Income tax under section 13(2) of the Income Tax Act (Cap. 470) and legal notice No. 168 of 22 October 1980. However, the Institute's rental income is taxable at a rate of 30%. The fair value gains on the Investment Property are subject to Capital Gains Tax 15%.

Tax expense for rentals, therefore, is the aggregate amount of current and deferred tax. Current and deferred taxes are recognised as income or expense in the income statement except to the extent that the taxes relate to items recognised outside the income statement, either in other comprehensive income or directly in equity. Deferred tax is the expected tax payable on the capital gain for the year using tax rates enacted or substantively enacted at the end of the reporting period.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the way the Institute expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax assets and liabilities are not recognised on temporary differences arising on the initial recognition of an asset or liability, unless the transaction: (i) at the time of the transaction affects either the accounting and/or taxable profit or loss; or (ii) at the time of the transaction gives rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes (continued)

1. Material accounting policy information (continued)

f) Property and equipment

All categories of property and equipment are initially recognised at cost. Property and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Buildings are subsequently shown at market value, based on periodic valuations carried out by external independent valuers, less subsequent depreciation. Increase in the building carrying amount because of revaluation is credited to other comprehensive income under the revaluation surplus. However, the increase is recognised in the Income Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Negative revaluation is recognised in the Income statement. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the building.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. Repairs and maintenance is charged to the income statement in the period to which it relates.

Depreciation is calculated using the straight line method to write down the cost or revalued amount of each asset to its residual value over its estimated useful life using the following years:

- Motor vehicles 4 years
- Equipment 4 years
- Computers 4 years
- Furniture and fittings 10 years
- ICPAK occupied space 40 years

The assets' residual values, methods of depreciation and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where expectations differ from the previous estimates, any changes are accounted for prospectively as changes in estimates.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining surplus for the period.

The revaluation surplus is included in equity in respect of an item of property and equipment and are transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to general fund are not made through profit or loss.

Notes (continued)

1. Material accounting policy information (continued)

g) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

h) Leases

Leases under which the Institute is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value of Kshs. 500,000) the Institute recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Institute is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Institute's incremental borrowing rate is used.

For leases that contain non-lease components, the Institute allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its

Notes (continued)

1. Material accounting policy information (continued)

h) Leases (Continued)

residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Institute at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

i) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k) Financial instruments

Classification

The Institute classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost. These were mainly cash and bank balances, trade and other receivables which comprise non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Loans and receivables are held for their contractual cash flows and hence are initially recognised at fair value. Subsequently, they are recognised at amortized cost using effective interest rate method, less allowance for expected credit losses.
- ii) Financial liabilities: mainly made up of trade and other payables and borrowings are initially recognised at fair value and are subsequently measured at amortised cost, using effective interest rate method.

The Institute recognises a loss allowance for expected credit losses on debt instruments that

Notes (continued)

1. Material accounting policy information (continued)

k) Financial instruments (Continued)

are measured at amortised cost or at fair value through other incomes. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- a. The credit risk has increased significantly since initial recognition; or
- b. There is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in the Income statement as impairment losses or reversal of impairment losses.

Derecognition/write off

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires. Financial assets and liabilities are offset, and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to Statement of Comprehensive Income as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to Statement of Comprehensive income.

i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

m) Post-employment benefit obligations

The Institute operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the Institute pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Institute's contributions are charged to the income statement in the year to which they relate.

The Institute and its employees also contribute to the National Social Security Fund (NSSF), a nationally defined contribution scheme. Contributions are determined by local statute and the Institute's contributions are charged to the income statement in the year to which they relate.

Notes (continued)

1. Material accounting policy information (continued)

n) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement and gratuity at the reporting date is recognised as an employment cost accrual. Only senior staffs under contract are entitled to gratuity.

o) Grants

Grants are not recognised until there is reasonable assurance that the Institute will comply with conditions attaching to them and that grants will be received. Grants are recognised in the Income Statement on a systematic basis over the periods in which the institute recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, grants whose primary condition is that the Institute should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to income on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the institute with no future related costs are recognised in income in the period in which they become receivable.

p) Subscriptions received in advance

Subscriptions received in advance also known as deferred/unearned income are subscription fees received from members for subsequent periods as at year end. They are recorded as a liability until the fees are due, at which time they are recognised as income.

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Institute, the Council makes certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

a) Significant judgements made in applying the Institute's accounting policies

The judgements made by the Council in the process of applying the Institute's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- i. Whether the investment property valuation fairly reflects current market value.
- ii. Whether substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities.
- iii. whether credit risk on financial assets has increased significantly since initial recognition;
- iv. how to determine the incremental borrowing rate used in the discounting of lease liabilities;
- v. Whether the lease of the property will be renewed or not; and

Notes (continued)

2. Significant judgements and key sources of estimation uncertainty (continued)

- vi. Whether the portion of the investment property used for administrative purpose is significant or not.
- vii. Whether an investment qualifies as investment property, PPE, or inventory.
- viii. Whether fair value measurements reflect exit price and market conditions.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses.

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward-looking information, and of losses given default.

3. Nature and extent of risks arising from financial instruments

a) Financial risk management

The Institute's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Institute's overall risk management policies are set out by the Council and implemented by the management and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Institute's performance by setting acceptable levels of risk. The Institute does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Institute-wide basis. The Institute does not grade the credit quality of financial assets that are neither past due nor impaired. Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer.

The Institute accounts for its credit risk by providing for expected credit losses on a timely basis. Receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Institute considers historical loss rates for each group of receivables and adjusts for forward-looking macroeconomic data. The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Notes (continued)

3. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (Continued)

i) Credit risk (Continued)

	<i>Basis for measurement of loss allowance</i>		
	Gross carrying amount (Ksh '000')	Lifetime expected credit losses (Ksh '000')	Net carrying amount (Kshs'000')
As at 31 December 2025			
Subscription receivables net of write-offs	45,617	(36,233)	9,384
Other receivables	296,046	(73,378)	222,668
Cash at bank and term deposits	580,925	(25,571)	555,354
	922,588	(135,182)	787,406
At 31 December 2024			
Subscription receivables net of write-offs	31,360	(30,548)	812
Other receivables	280,419	(118,653)	161,766
Cash at bank and term deposits	434,673	-	434,673
	746,452	(149,201)	597,251

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- financial assets that are credit impaired at the reporting date;
- trade and other receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade and other receivables at the end of each year was as follows:

	Current	More than 30 days	More than 60 days	More than 120 days	Total KSh'000'
At 31 December 2025					
Expected Loss Rate	22%	3%	4%	57%	Total
Gross carrying amount- other receivables	123,247	14,508	15,190	143,101	296,046
Gross carrying amounts - subscription receivables	-	-	-	45,617	45,617
Gross carrying amount - Cash and Fixed Deposits	580,925	-	-	-	580,925
Expected credit loss	(26,791)	(423)	(612)	(107,356)	(135,182)
Net carrying amount	677,381	14,085	14,578	81,362	787,406
At 31 December 2024					
Expected Loss Rate	15%	35%	50%	90%	Total
Gross carrying amount- other receivables	-	-	-	31,360	31,360
Gross carrying amounts - subscription receivables	-	-	-	-	-
Expected credit loss	(1,011)	(22,077)	(41,331)	(84,781)	(149,200)
Net carrying amount	5,730	41,001	41,330	40,713	128,774

The Institute does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

Notes (continued)

3. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (Continued)

ii) Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities. The Council has developed a risk management framework for the management of the Institute's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Institute manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month Kshs '000'	Between 1-3 months Kshs'000'	Between 3-12 months Kshs'000'	Over 1 Year Kshs'000'	Total Kshs '000'
31 December 2025					
Trade and other payables	46,827	276,558	53,182	-	376,567
Lease liabilities	326	617	2,755	14,645	18,343
Benevolent Fund	-	-	166,136	-	166,136
	47,153	277,175	222,073	14,645	561,046
At 31 December 2024					
Trade and other payables	70,996	283,191	44,646	-	398,833
Lease liabilities	380	713	3,018	10,313	14,424
Benevolent Fund	-	-	153,229	-	153,229
	71,376	283,904	200,893	10,313	566,486

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprise three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

The Institute cleared the CPA Centre loan. This reduced ICPAK's exposure to liquidity risk.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The Institute has no trade receivables, trade payables and borrowings that are denominated in foreign currency.

Other price risk

The Institute is not exposed to other price risk.

b) Capital management

The Institute's objective in managing its capital is to ensure that it supports the furtherance of its objectives and is able to continue as a going concern. Capital is represented by the General Fund. The Institute is not subject to any external equity or capital requirements.

Notes (continued)

3. Nature and extent of risks arising from financial instruments (continued)

b. Capital management

The Institute's objective in managing its capital is to safeguard its ability to continue as a going concern, to maintain sufficient funds for operational and strategic needs. For the purposes of capital management, the entity regards its total funds and reserves as its capital. This capital comprises the general fund, which consists of accumulated resources available for general use; the designated fund, representing resources set aside for specific purposes as determined by management or the council; and the revaluation reserve, which reflects unrealized gains arising from the revaluation of assets. Together, these components form the entity's managed capital, which is closely monitored to ensure an appropriate capital structure and maintain adequate liquidity. ICPAK's capital comprises the following:

Components of capital	2025 Kshs'000'	2024 Kshs'000'
General fund	1,681,720	1,543,862
Designated fund	17,669	14,341
Revaluation reserve	66,004	60,621
	1,765,393	1,618,824

- i. ICPAK monitors capital primarily through fund balances and ensures sufficient liquidity to meet obligations.
- ii. Adjustments to capital structure may be made by allocating funds to designated purposes or through the revaluation of assets.
- iii. The Institute is not subject to any external capital requirements

4. Subscriptions

	2025 Kshs'000'	2024 Kshs'000'
a) Income		
Non practising subscriptions	211,935	215,496
New non-practicing members application fees	46,714	32,063
Practising	30,328	29,568
Firm licence fees	19,531	18,054
Subscription debtors recovered	10,800	23,300
Associate members	4,042	4,412
Retired	4,163	4,249
Overseas	2,263	2,279
	329,776	329,421
b) Expenses		
Employee benefits (Note 9 b)	71,662	53,728
Advocacy and international relations	21,978	24,308
Professional development	37,441	31,622

Notes (continued)

4. Subscriptions (continued)

b) Expenses (Continued)

Publications	4,278	4,055
IT costs	5,095	5,640
Marketing	2,255	2,411
Telephone, postage, printing and stationery	1,906	1,690
	144,615	123,454

c) Impairment loss

Subscriptions written off	27,485	25,657
Movement in expected credit loss	5,685	5,140
	33,170	30,797
Net subscriptions income	151,991	175,170

5. Members' services

a) Income

	2025 Kshs'000'	2024 Kshs'000'
International events	86,750	54,601
National events	799,208	669,955
Nairobi events	5,519	17,882
Branch events	27,460	22,670
Virtual seminars	127,105	90,903
Inhouse trainings	54,666	54,710
Videos and short courses	1,745	1,037
Certification courses	4,990	5,810
	1,107,443	917,568

b) Expenses

International events	42,513	33,010
National events	535,167	452,966
Nairobi events	4,477	17,668
Branch events	21,142	17,650
Virtual seminars	3,851	3,107
Inhouse trainings	15,370	14,210
Videos and short courses	405	300
	622,925	538,911

Employee benefits (Note 9b)
Other expenses

250,817 188,048
24,760 24,286

898,502 751,245

c) Impairment loss

(Reversal of expected credit losses)/
expected credit losses (Note 8)

(44,221) 23,118

Net members' services income

253,162 143,205

Notes (continued)

6. Rental Income

	2025 Kshs'000'	2024 Kshs'000'
a) Income		
Gross rental Income	63,994	57,252
b) Expenses		
Service charge (unoccupied space)	3,055	4,998
Employee emoluments	12,820	13,215
Gross letting commission	182	-
	16,057	18,213
c) Impairment loss		
(Reversal of expected credit losses) / expected credit losses (Note 8)	(2,294)	14,201
Net CPA Centre rental income	50,231	24,838

7. Operating expenses

	2025 Kshs'000'	2024 Kshs'000'
Governance and oversight costs (Note 31 (ii))	76,019	84,851
Advocacy and international relations	64,652	63,525
Depreciation and amortisation (Note 13, 15, 16)	32,241	26,314
Employee benefits (Note 9 b)	35,831	26,864
Staff meetings and welfare	40,472	22,606
IT costs	15,281	16,923
Service charge	8,956	6,127
Bank charges	3,552	3,506
Insurance	1,286	983
Legal fees	6,319	4,941
Rent and utilities	3,414	1,012
Marketing	8,339	2,305
Telephone, postage, printing and stationery	1,906	1,690
External audit fees	1,854	1,993
Shared services	4,373	25,092
FiRe award	2,000	2,000
Total operating expenses	306,495	290,732

8. Impairment losses

	2025 Kshs'000'	2024 Kshs'000'
Subscription receivables (4c)	33,170	30,797
Corporate receivables (5c)	(44,221)	23,118
Expected credit loss on staff receivables	1,239	-
Expected credit loss on cash equivalent and fixed deposits	18,338	-
Rental receivables (6c)	(2,294)	14,201
	6,232	68,116

Notes (continued)

9. a) Employee benefits

	2025 Kshs'000'	2024 Kshs'000'
Salaries and wages	279,210	205,680
Group life	3,840	3,780
Staff gratuity	15,320	12,280
Pension costs	14,050	13,400
Medical expenses	29,210	18,570
Staff training	2,970	2,790
Leave allowances	1,190	910
Other staff costs	9,000	6,330
Subscriptions	830	690
Recruitment costs	2,690	4,210
Total employee benefit expenses	358,310	268,640

b) The allocation of employee benefits is as follows

Subscription expenses (Note 4 b)	71,662	53,728
Member services (Note 5 b)	250,817	188,048
Operating expenses (Note 7)	35,831	26,864
	358,310	268,640

10. Other operating income

	2025 Kshs'000'	2024 Kshs'000'
Net software subscription	1,167	868
Sale of branded items	-	35
ICT platform rental	2,259	3,350
Branch workspace rental	180	240
Parking fees (Tenant Services)	1,722	720
Miscellaneous Income	176	60
Foreign Exchange Gain/(Loss)	-	224
Auditorium Hire Income	130	-
	5,634	5,497
Items reclassified to investing activities under IFRS 18	10,207	7,061
Interest income	(339)	(1)
Gain/(Loss) on disposal of PPE	9,868	7,060
	15,502	12,557

Notes (continued)

11. Finance cost

	2025 Kshs'000'	2024 Kshs'000'
Interest expense:		
- Lease liabilities	2,796	1,482

12. Tax expense

	2025 Kshs'000'	2024
Current income tax	-	-
Deferred tax expense relating to the origination and reversal of temporary differences (Note 25)	15,881	19,341
Tax expense	15,881	19,341

The tax on the Institute's surplus before income tax differs from the theoretical amount that would arise using the statutory income tax rate of 30% (2024: 30%) as follows:

Surplus before tax	152,018	114,420
Tax calculated at the statutory tax rate of 30% (2024: 30%)	45,605	34,326
Tax effect of:		
Income not subject to tax	(435,816)	(377,864)
Expenses not deductible for tax purposes	407,592	370,509
Effect of lower tax rate on capital gains, 15% instead of 30%	(1,500)	(7,630)
Tax expense	15,881	19,341

Notes (continued)

13. Property and equipment

	ICPAK Office Space Kshs '000'	Motor vehicle Kshs'000'	Equipment Kshs'000'	Computer Kshs'000'	Furniture & fittings Kshs'000'	Total Kshs'000'
Year ended 31 December 2025						
Cost or valuation						
At start of year	341,000	9,237	19,917	36,809	91,741	498,704
Transfer to investment property (Note 14)	(71,000)	-	-	-	-	(71,000)
Revaluation gain	8,224	-	-	-	-	8,224
Additions	28,703	-	19,521	8,089	10,548	66,861
Accumulated Depreciation	(9,927)	-	-	-	-	(9,927)
Disposals in the year	-	-	-	(1,185)	-	(1,185)
At end of year	297,000	9,237	39,438	43,713	102,289	491,677
Accumulated depreciation						
At start of year	-	9,237	15,908	28,024	72,320	125,489
Eliminated on disposal	-	-	-	(751)	-	(751)
Charge for the year	9,927	-	3,143	4,529	9,906	27,505
Eliminated on Revaluation	(9,927)	-	-	-	-	(9,927)
At end of year	-	9,237	19,051	31,802	82,226	142,316
Net carrying amount	297,000	-	20,387	11,911	20,063	349,361
Year ended 31 December 2024						
Cost or Valuation						
At start of year	362,000	9,237	17,412	33,305	90,785	512,739
Transfer from investment property (Note 14)	(14,058)	-	-	-	-	(14,058)
Revaluation loss	(768)	-	-	-	-	(768)
Additions	2,445	-	2,505	3,604	956	9,510
Accumulated Depreciation	(8,619)	-	-	-	-	(8,619)
Disposals in the year	-	-	-	(100)	-	(100)
At end of year	341,000	9,237	19,917	36,809	91,741	498,704
Accumulated depreciation						
At start of year	-	8,870	14,745	24,255	63,419	111,289
Eliminated on disposal	-	-	-	(84)	-	(84)
Charge for the year	8,619	367	1,163	3,853	8,901	22,903
Eliminated on revaluation	(8,619)	-	-	-	-	(8,619)
At end of year	-	9,237	15,908	28,024	72,320	125,489
Net carrying amount	341,000	-	4,009	8,785	19,421	373,215

In the year ended 31 December 2025 and 31 December 2024, there was no equipment pledged as a security for liability or restricted for use. Further, assets carrying amounts were not materially misstated or different from their fair value and no funds were received from third parties, as compensation for equipment impaired, lost or given up.

During the year, ICPAK continued to use a motor vehicle that had been fully depreciated. In accordance with IAS 16 Property, Plant and Equipment, depreciation of an asset ceases when its carry-

Notes (continued)

13. Property and equipment (continued)

ing amount is reduced to its residual value. Management assessed that the motor vehicle remains operational and continues to be used in the Institute's operations.

ICPAK occupies 14.6% (2024: 18%) of the total space of investment property which is used for administrative purposes.

ICPAK occupied space was valued on 31 December 2025 by Ark Consultants Limited (an independent registered valuer who holds a recognised and relevant qualification and has recent experience in the location and category of building being valued) based on an open market value.

If the ICPAK Office Space was to be stated on historical cost basis, the carrying values would be Kshs 332,381,000 (2024: 341,000,000)

	2025 Kshs'000'	2024 Kshs'000'
Proceeds on disposal of assets		
Cost	1,185	100
Accumulated depreciation	(751)	(84)
Gain/(Loss) on Disposal	(339)	(1)
	95	15

14. Investment property

	2025 Kshs'000'	2024 Kshs'000'
At start of year	1,244,000	1,178,000
Additions	-	1,078
Transfer from property and equipment (Note 13)	71,000	14,058
Transfer to property and equipment	10,000	50,864
Fair value gains	1,325,000	1,244,000
At end of year		

Interest in leasehold land is included in the fair value of the investment property.

The fair value of the investment property is based on the valuation carried out on 31 December 2025 by Ark Consultants Limited, independent valuers.

In 2024, the Institute expanded its office space within CPA Centre to 26,636 square feet, a move that, according to the council's judgment, led to ICPAK occupying a significant portion of the total lettable area. This significant increase necessitated a reclassification of the space as Property, Plant, and Equipment (PPE), aligning with IAS 40, paragraph 10. In the year under review, ground floor (right wing, 5002 square feet) originally set aside for administrative use was transferred to investment property and rented out.

The valuation conforms to international valuation standards. The fair value was determined based on the market value approach that reflects recent transaction prices of similar properties. In estimating the fair value of the property, prevailing market conditions in the commercial property industry were considered and it was assumed that the lease of the land will be renewed at minimal cost.

Notes (continued)

14. Investment property (continued)

Details of the Institute's investment property and information about the fair value hierarchy is as follows;

Non-financial asset	Fair value as at 31 December	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationships of unobservable inputs to fair value
Investment property 2025	1,325,000,000	Level II	Open market value basis-highest and best use model	Not applicable	Not applicable
Investment property 2024	1,244,000,000	Level II	Open market value basis-highest and best use model	Not applicable	Not applicable

There were no transfers between level I, II and III during the year ended 31 December 2025 and 31 December 2024. The following amounts are included in profit or loss in respect of the investment properties:

	2025 Kshs'000'	2024 Kshs'000'
Rental income	63,994	57,252
Less: direct rental expenses arising from		
- investment properties that generate rental income	(13,002)	(13,215)
- impairment loss on rentals	2,294	(14,201)
Less: direct rental expenses arising from		
- Unoccupied spaces	(3,055)	(4,998)
	50,231	24,838

15. Intangible assets

Cost

	2025 Kshs'000'	2024 Kshs'000'
At start of year	17,240	17,240
Additions	-	-
At end of year	17,240	17,240

Amortisation

At start of year	17,240	17,240
Charge for the year	-	-
At end of year	17,240	17,240

Net carrying amount

At end of year	-	-
----------------	---	---

Notes (continued)

16. Right-of-Use Assets

	2025 Kshs'000'	2024 Kshs'000'
Cost		
At start of year	32,110	26,507
Additions	8,342	5,603
At end of year	40,452	32,110
Depreciation		
At start of year	22,573	19,161
Depreciation charge for the year	4,734	3,412
At end of year	27,307	22,573
Net carrying amount		
At end of year	13,145	9,537

The Institute leases various offices for its 9 branches. The leases of offices are typically for periods of between 2 and 6 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

For information on the related lease liabilities, see Note 26.

17. VAT receivable

	2025 Kshs'000'	2024 Kshs'000'
Non - current		
VAT recoverable on construction	70,687	80,687
Current		
VAT recoverable on construction (Note 20)	14,849	14,820

VAT recoverable arose during the construction of the CPA Centre building. Recovery is continuously done from VAT arising from rental income.

18. Investment in CPA Centre Limited

	2025 Kshs'000'	2024 Kshs'000'
CPA Centre Limited	50	50

19. Inventories

	2025 Kshs'000'	2024 Kshs'000'
Seminars and other merchandise	27,714	57,594

In the year ended 2024, ICPAK bought materials in bulk to cushion itself against forex uncertainty and inflation.

Notes (continued)

20. Trade and other receivables

	2025 Kshs'000'	2024 Kshs'000'
Subscription receivables	73,102	57,017
Less: provision for expected credit losses (see below)	(36,233)	(30,548)
Less: Subscriptions written off (Note 4c)	(27,485)	(25,657)
Net subscription receivables	9,384	812
VAT recoverable on construction (Note 17)	14,849	14,820
Other receivables (Note 32e)	173,836	116,523
FiRe Award	2,107	188
Due from Related parties	940	-
Deposits and prepayments	25,979	22,316
Staff receivables (Note 32f)	4,957	8,107
	232,052	162,766

Other receivables are trade receivables which constitute amounts due from members for products sold or services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Institute holds the trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables include corporate receivables, rent receivables and interest income receivables.

In the opinion of the Council, the carrying amounts of these receivables approximate their fair value. The movement in the provision for impairment losses is as follows:

	2025 Kshs'000'	2024 Kshs'000'
At 1 January	30,548	25,408
Net increase charged to income statement	5,685	5,140
At 31 December	36,233	30,548

For the cash flow statement, Increase in Trade and other receivables comprise of the below;

	2025 Kshs'000'	2024 Kshs'000'
Increase in Trade and other receivables	(69,286)	(17,391)
Non cash adjustments		
- Impairment losses	(6,232)	(68,116)
- Transfer from non current VAT	10,000	11,273
(Increase)/decrease in trade and other receivables	(65,518)	(74,234)

Notes (continued)

21. Term deposits

Current

a) Term deposits (with maturities of more than 3 months from the date of acquisition)

	2025 Kshs'000'	2024 Kshs'000'
At start of year	169,837	134,980
Additions	116,518	34,857
Expected credit losses	(9,981)	-
At end of year	276,374	169,837

b) Term deposits can be analysed as follows:

Maturing within 91 days	59,695	97,292
Maturing after 91 days	216,679	72,545
	276,374	169,837

c) Below is a summary of the term deposits held at amortised cost:

Benevolent funds	155,703	112,466
Institute operations	120,671	57,371
	276,374	169,837

The investment income arising from term deposits has been disclosed under Benevolent Funds (Note 28) and other income (Note 10).

The fair values of the financial assets are categorised under Level 1 based on the information set out in accounting policy 1(b).

The Institute's term deposits are held with major Kenyan financial institutions and, in so far as the Council is able to measure any credit risk to these assets, it is deemed to be limited.

Management monitors the credit quality of financial assets by:

- discussion at the management and Council meetings;
- reference to external historical information available;

The maximum exposure to credit risk as at reporting date is the carrying amounts of the financial assets as disclosed above.

None of the financial assets are impaired.

The average interest rate on term deposits at year-end was 10% (2024: 15.27%)

Term deposits, for the period ended 31st December 2024, amounting to KSh 6,359,000 were reclassified to the benevolent fund, as they relate to benevolent contributions received in advance. These amounts do not represent the Institute's own funds and are therefore presented separately in the financial statements in accordance with the underlying nature of the funds.

Notes (continued)

22. Cash and bank balances

	2025 Kshs'000'	2024 Kshs'000'
Cash at bank and in hand		
- Institute operations	285,952	225,216
- Benevolent	4,630	35,392
- FiRe Award	3,988	4,228
	294,570	264,836
Expected credit losses	(15,590)	-
	278,980	264,836

For the purpose of the cash flow statement, cash and cash equivalents comprise of the above.

As at 31 December 2025 (2024: Nil), there were no cash and cash equivalents subject to restrictions, except for the Benevolent Fund, the FiRe Award Funds, and the FSD Grant Fund, which amounted to KSh 1,455,000 (2024: 3,600,000) and is disclosed under Note 27(b). These funds are restricted for use in accordance with the specific purposes.

The Institute's cash and bank balances are held with a major Kenyan financial institution. In so far as the Council can measure any credit risk to these assets, it is deemed to be limited.

23. Designated fund

a) Designated fund

	2025 Kshs'000'	2024 Kshs'000'
At 1 January	14,341	13,045
Net surplus from corporate social responsibility activities (Note 23 (b))	3,328	1,296
At 31 December	17,669	14,341

Designated fund is a restricted fund that is used to fund the CSR activities of the Institute. CSR income is credited directly to the designated end.

b) Corporate social responsibility activities

i) Income

CSR Income

6,539

3,033

ii) Expenses

CSR activities

3,211

1,737

Net surplus from corporate social responsibility activities

3,328

1,296

Net surplus from corporate social responsibility activities is the net proceeds from an annual charity golf tournament and other corporate social responsibility (CSR) activities. The net proceeds are credited to the designated fund to be utilised for payment of school fees for needy students.

Notes (continued)

24. Revaluation surplus

The revaluation surplus arose on the revaluation of ICPAK buildings recognized under property and equipments. The surplus is not distributable.

The movement is as shown below:

	2025 Kshs'000'	2024 Kshs'000'
At 1 January	60,620	62,943
Excess depreciation on ICPAK space	(1,721)	(1,554)
Revaluation gain/loss on ICPAK office space	8,224	(768)
Deferred tax on revaluation gain	(1,119)	-
At 31 December	66,004	60,621

25. Deferred tax (liability)/asset

Deferred income tax is calculated using the enacted tax rate of 30%, except for capital gains, for which the enacted tax rate of 15% is used (2024: 30% and 15%).

Deferred tax assets/(liabilities), and the deferred tax (charge)/credit in the statement of comprehensive income are attributable to the following items:

	Origination and reversal of temporary differences			
	At start of year Kshs'000'	Credited/ (charged) to profit or loss Kshs'000'	Credited/ (charged) other com- prehensive income Kshs'000'	At end of year Kshs'000'
Year ended 31 December 2025				
Investment property at fair value	(74,000)	(1,500)	-	(75,500)
Revaluation gains on ICPAK space	0	-	(1,119)	(1,119)
Rental incomes	12,111	(14,381)	-	(2,270)
Net deferred tax liability	(61,889)	(15,881)	(1,119)	(78,889)
Year ended 31 December 2024				
Investment property at fair value	(67,489)	(6,511)	-	(74,000)
Rental incomes	24,941	(12,830)	-	12,111
Net deferred tax liability	(42,548)	(19,341)	-	(61,889)

The deferred tax asset has been recognised based on management's projections of future taxable profits that will be available against which the deductible temporary differences and tax losses can be utilised.

Notes (continued)

26. Lease liabilities

	2025 Kshs'000'	2024 Kshs'000'
Current	4,282	2,822
Non-current	11,307	8,360
	15,589	11,182
The total cash outflow for leases in the year was:		
- Payments of principal portion of the lease liability	3,936	3,453
- Payments of interest portion of the lease liability	2,796	1,482
	6,732	4,935

Reconciliation of lease liabilities arising from financing activities:

	2025 Kshs'000'	2024 Kshs'000'
At start of year	11,182	9,032
Lease taken	8,343	5,603
Cash flows:		
- Payments under leases	(6,732)	(4,935)
- Interest charged to profit or loss	2,796	1,482
At end of year	15,589	11,182

The Institute recognised lease assets and lease liabilities only for assets which are not of low value as required by IFRS 16.

The leases expiring within one year are subject to review at various dates during the next financial year.

Maturity based on the repayment structure of lease liabilities is as follows:

	2025 Kshs'000'	2024 Kshs'000'
Present value of lease liabilities - minimum lease payments		
Not later than 1 year	4,282	2,822
Later than 1 year and not later than 5 years	11,307	8,360
	15,589	11,182

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 16.

Notes (continued)

27. (a) Trade and Other Payables

	2025 Kshs'000'	2024 Kshs'000'
Trade payables and accrued expenses	177,736	192,851
Advance receipts and refundable deposits	98,719	88,335
Service charge	37,565	33,454
Gratuity	34,788	24,484
Payroll liabilities	9,262	37,542
Due to related party (Note 31 (iii))	-	494
Deferred grant income (Note 27 (b))	1,455	3,600
Deferred rental income	103	2,005
Rent deposit	16,939	16,068
	376,567	398,833
b) Deferred grant income		
Opening balance	3,600	-
FSD grants received	5,041	5,000
FiRe Award expenses	(7,186)	(1,400)
	1,455	3,600

In the opinion of the Council the carrying amounts of these payables approximate the fair value. The maturity analysis of the Institute's trade and other payables is as follows:

Within three months	323,385	354,187
Over six months	53,182	44,646
	376,567	398,833

28. Benevolent fund

	2025 Kshs'000'	2024 Kshs'000'
At start of year	153,229	124,536
Interest income	19,451	18,881
Benevolent income received in advance	101	6,258
Benevolent income	35,678	34,917
Benevolent claims	(30,665)	(27,050)
Benevolent write offs	(3,978)	(3,882)
Expected credit losses	(7,234)	-
Benevolent expenses	(446)	(431)
At end of year	166,136	153,229
Represented by:		
Term deposits	155,703	112,466
Cash and Cash equivalent	4,537	35,392
Contribution receivable	6,342	5,802
Accrued expenses	(446)	(431)
	166,136	153,229

The benevolent fund was established pursuant to members' resolution at the 38th Annual General Meeting and in congruence with part II, section 5 of the Accountants Act. No. 15 of 2008. The funds support members and their families during bereavement. Cash and cash equivalents are stated net of an Expected Credit Loss (ECL) allowance of Ksh 93,000 (2024: Nil).

Notes (continued)

28. Benevolent fund (continued)

The interest income is attributed to benevolent funds invested in term deposits. These fixed deposits have a maturity term of three months rolling over, with an average interest rate of 15.82% (2024: 9.66%) per annum.

29. Subscriptions received in advance

	2025 Kshs'000'	2024 Kshs'000'
Subscriptions received in advance	121,747	84,710

Subscriptions received in advance relate to subscription income for the succeeding year received in advance in the current year.

30. Corporate debtors received in advance

	2025 Kshs'000'	2024 Kshs'000'
Subscriptions received in advance	48,992	33,805

31. Related party transactions and balances

The Institute is the sponsor/founder of KCA University. In accordance with the Universities Act, the assets and liabilities are held through a Board of Trustees for the benefit of University Education. In the year ended 31 December 2024, there were transactions that took place between the Institute and KCA University; there were no guarantees given or received. The following transactions were carried out with related parties:

	2025 Kshs'000'	2024 Kshs'000'
i) Key management compensation		
Salaries and short term employee benefits	71,444	64,653
Post employment benefits	15,679	12,747
	87,123	77,400
ii) Governance and oversight costs (Note 7)		
Council and committee meetings and welfare	48,790	57,199
Sitting Allowance	26,836	27,234
Council Training	393	418
	76,019	84,851
iii) Due to related parties		
Due from KCA University (Note 20)	940	-
Due to KCA University (Note 27 (a))	-	494
Due to CPA Centre Limited	50	50
	990	544

The receivables from related parties are interest free, have no specific dates of repayment and are unsecured.

Notes (continued)

32. Expected credit losses

a) Movement in corporate debtors' expected credit losses

	2025 Kshs'000'	2024 Kshs'000'
Opening balance	78,784	55,666
Provision for the period	(44,221)	23,118
Closing balance	34,563	78,784

b) Movement in rental debtors' expected credit losses

	2025 Kshs'000'	2024 Kshs'000'
Opening balance	39,870	25,669
Provision for the period	(2,294)	14,201
Closing balance	37,576	39,870

c) Movement in cash equivalent and fixed deposits

	2025 Kshs'000'	2024 Kshs'000'
Opening balance	-	-
Provision for the period	18,338	-
Closing balance	18,338	-

d) Movement in staff debtors' expected credit losses

	2025 Kshs'000'	2024 Kshs'000'
Opening balance	-	-
Provision for the period	1,239	-
Closing balance	1,239	-

e) Other receivables net of Expected Credit Losses

	2025 Kshs'000'	2024 Kshs'000'
Gross other receivables	245,975	235,177
Expected credit losses		
Corporate debtors (Note 32 a)	(34,563)	(78,784)
Rental debtors (Note 32 b)	(37,576)	(39,870)
Other receivables net of Expected Credit Losses	173,836	116,523

f) Staff receivables net of expected credit losses

	2025 Kshs'000'	2024 Kshs'000'
Gross staff receivables	6,196	8,107
Expected credit losses	(1,239)	-
Staff receivables net of expected credit losses	4,957	8,107

Notes (continued)

33. Contingent liabilities

As at the reporting date, the Institute is involved in several legal, employment, constitutional and judicial proceedings. In line with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, the Institute has assessed each matter to determine whether a financial obligation is probable, possible, or remote.

At present, no provision has been recorded, because none of the cases present a probable obligation that can be reliably measured. However, several matters represent possible obligations, and are therefore disclosed as contingent liabilities. One matter represents a contingent asset.

a. Court of Appeal Matters

The Institute has one matter relating to a settled ELRC judgment (Nakuru Civil Appeal No. E187 of 2024). The decretal sum and costs have already been paid, and the appeal remains pending only for procedural reasons. There is no financial exposure.

A second appeal (Nairobi Civil Appeal No. E307 of 2023) concerns an award of costs only. The exposure is low, and relates solely to the possibility of the Institute being required to pay legal costs.

b. Employment Matter

In CMEL Case No. E317 of 2020, the Claimant seeks approximately Kshs 1.2 million. The Institute's exposure is considered low to moderate, depending on the ultimate court outcome. Since the obligation is possible but not yet probable.

c. Constitutional Petitions

Two petitions (Nos. E145 of 2021 and 138 of 2020) have been consolidated. The issues raised have largely been overtaken by events following the completion of the electoral process. The Institute's exposure is minimal, relating only to legal costs.

d. Judicial Review Cases

In JR E145 of 2025, the challenge to the electoral process no longer presents a significant risk, as the elections have been concluded. The exposure is low, and limited to legal costs.

In JR Misc. E032 of 2023, the Institute was awarded costs amounting to Kshs 451,605, which are yet to be recovered. This represents a contingent asset because the income will only be recognised once recovery is virtually certain.

e. High Court Civil Case

In Nairobi Civil Case No. E004 of 2025, the Institute is claiming outstanding rent, while the Defendant has filed a counterclaim of Kshs 12.68 million and is challenging the validity of a previous public auction. The case presents a moderate contingent liability, as the out-

Notes (continued)

come of the counterclaim is uncertain. The Institute also continues to incur costs associated with defending the matter.

f. Magistrates Court Civil Case

In Nairobi Civil Case No. 190 of 2023 (defamation claim), the Institute faces moderate contingent exposure, dependent on whether liability is established and what damages may be awarded. This also remains a contingent liability.

34. Commitments

"As at 31 December 2025, the Institute had approved capital expenditure commitments amounting to Kenya Shillings 30 million relating to the improvement of staff working spaces, acquisition of staff-related furniture, store relocation to block B and upgrade of ERP system. These commitments have been authorized by management.

The expenditure will be funded from internally generated resources and, upon completion, the related costs will be recognised as Property, Plant and Equipment in accordance with IAS 16 Property, Plant and Equipment.

35. Comparatives

Where necessary, ICPAK reclassifies comparative figures have been reclassified to conform with the changes in presentation in the current year. However in the year 2025 (2024: Nil), there were no material reclassifications.

36. Impact of IFRS 18

During the year ended 31 December 2025, the Institute early adopted IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation and structure of the statement of financial performance, including:

- a. Mandatory classification of income and expenses into operating, investing, and financing activities; and
- b. Introduction of new mandatory subtotals, including Operating profit and Profit before financing and income tax.

The adoption of IFRS 18 represents a change in accounting policy in accordance with IAS 8.

The adoption of IFRS 18 Presentation and Disclosure in Financial Statements had no impact on the Institute's total income, total expenditure, profit for the year, equity, or cash flows. The standard was applied solely to enhance the presentation and classification of income and expense items within the statement of financial performance.

Notes (continued)

Specifically, certain items previously presented as other income below operating surplus under IAS 1 have been disaggregated and reclassified between operating and investing activities. In addition, interest income and fair value gains on investment property are now presented within investing activities, consistent with the requirements of IFRS 18. The adoption of the standard also resulted in the introduction of new mandatory subtotals, including operating profit and profit before financing and income tax, thereby improving the transparency and comparability of the Institute's financial performance.

The following is a reconciliation of the income statement as previously published and as restated under IFRS 18. It highlights the adjustments made to align with the presentation and classification requirements of the standard.

a) Reconciliation of Operating Results

	2025 Kshs'000'	2024 Kshs'000'
Operating surplus under IAS 1	129,312	52,481
Add: Other operating income reclassified from "Other income"	5,634	5,497
Operating profit under IFRS 18	134,946	57,978

b) Reconciliation of Profit Before Financing and Tax

	2025 Kshs'000'	2024 Kshs'000'
Operating surplus before interest and tax (IAS 1)	154,814	115,902
Reclassification of income and expenses under IFRS 18	-	-
Profit before financing and income tax (IFRS 18)	154,814	115,902

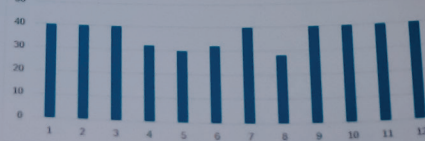
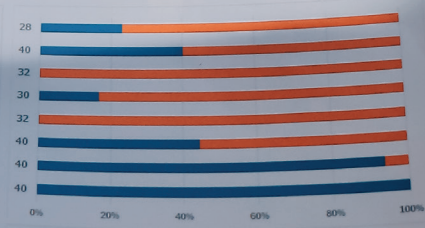
The reconciliation reflects a change in presentation only, with the amount remaining unchanged. The balance previously reported as operating surplus before interest and tax under IAS 1 is now presented as profit before financing and income tax in accordance with IFRS 18.



Total cost of ownership (TCO)



Total extra cost



Excusive



Salary and Costs by dept \$500



1000	\$	6,100.00	\$	3,100.00	\$	8,000.00	\$	5,100.00	\$	6,900.00
2000	\$	500.00	\$	700.00	\$	700.00	\$	700.00	\$	500.00
3000	\$	200.00	\$	200.00	\$	200.00	\$	200.00	\$	200.00
4000	\$	-	\$	-	\$	5,000.00	\$	200.00	\$	1,000.00
5000	\$	200.00	\$	200.00	\$	200.00	\$	200.00	\$	200.00
6000	\$	3,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00
7000	\$	200.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	5,000.00
8000	\$	200.00	\$	200.00	\$	200.00	\$	200.00	\$	200.00
9000	\$	4,000.00	\$	4,000.00	\$	4,000.00	\$	4,000.00	\$	4,000.00
10000	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00
11000	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00
12000	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00	\$	2,000.00
13000	\$	138,918.00	\$	138,918.00	\$	140,918.00	\$	136,218.00	\$	140,918.00

MONTHLY BU	ESTIMATE
	63,300.00
	18,500.00
	34,000.00
	6,800.00



Institute Certified Public Accountants of Kenya, CPA Centre, Thika Road
P. O. Box 59963-00200 City Square, Nairobi Kenya
Tel: +254 719 074 000, +254 733 856 262 | Fax: +254 20 856 22 06
Email: icpak@icpak.com | www.icpak.com

©ICPAK 2026